



Washington State  
**CONSERVATION  
COMMISSION**

# Grants Administrative Procedures Manual

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# Introduction

*You will need to destroy all previously distributed paper copies as well as any CDROMs distributed and titled Grants Administrative Procedures.*

*This manual is effective on July 1, 2009.*

*Please call your Regional Manager or Financial Services representative if you have any questions on this manual, its content or applicability.*

## Two types of grant procedures

**Grant Administrative Procedures** are a set of detailed, over-arching procedures districts must follow for all grants. Examples of administrative procedures include those related to: financial management, expenditure reporting, contracting, procurement, records retention, property management, etc.

**Grant Programmatic Procedures** are unique and specific to each individual grant program. Programmatic procedures are always consistent with the Grant Administrative Procedures, *but may include more additional requirements.*

Programmatic procedures may be dictated by the agency or organization that funds a specific grants program. Examples of programmatic procedures include: unique grant application and award procedures, limits on expenditures and reimbursements, specific match, and cost sharing requirements, etc.



## Definitions

**Allowable Costs** are those that meet all eligibility requirements established in the terms of the grant contract or the Grant Administrative Procedures Manual.

**Addendum** means a written document detailing the additions and supplements to the original terms of the grant contract.

**Amendment** means a written document detailing the changes or revisions to the original terms of the grant contract or addendum.

**Authorized Signatory** of a district is the person designated by the district on the Authorized Signatory form on file in the Commission. ***However, only the district chair may sign original grant contracts.*** The district chair may delegate other signature authority to another elected or appointed supervisor or to an employee of the district.

**Authorized Signatory of the Commission** is the Executive Director or other staff as authorized on the Authorized Signature notification.

**Best management practice (BMP)** is a technique designed to protect the air, water, soil, animals, plants, and humans. BMPs must meet NRCS standards, or alternative practice designs approved by a licensed professional engineer. NRCS Practice Standards and Specifications are contained in the USDA NRCS Field Office Technical Guide (FOTG).

**Close Out** means all administrative matters relative to a grant contract are reconciled in order to close the file.

**Commission** means the Washington State Conservation Commission, any division, section, office, unit, or other entity of the Commission, or any of the officers or other officials lawfully representing the Commission.

**Competitive Solicitation** means a process by which a district solicits bids or proposals from a sufficient number of bidders to assure adequate, fair, and open competition.

**Contractor** is any entity who is paid by the district for goods or services received under a grant contract.

**Costs** include all charges made to the project.

**Cost Share** is funding used to reimburse landowners for a percentage of the costs associated with the implementation of Best Management Practice(s) BMP(s). Examples of costs include, but are not limited to labor, materials, and permits. Grant programmatic procedures may apply to cost share.

**District** is the conservation district named on the grant contract and any individual or official lawfully representing the district in carrying out the terms and conditions of the grant contract.

**Effective Date** represents the earliest date eligible costs may be incurred. The Effective Date is indicated in the grant contract.

**Eligible Cost** is a cost that meets all eligibility criteria established in the terms of the grant contract. This includes any criteria related to the nature and the amount of the costs.

**Envirothon Costs** incurred by the district for coordinating or participating in regional Envirothon contests are not an allowable grant expense.

**Expiration Date** is the last date which costs may be incurred (accrued) and considered eligible. Any costs incurred after the expiration date are not eligible. The expiration date is indicated in the grant contract.

**General Terms and Conditions** are those grant contract provisions that apply to all activities carried out under all grant programs administered by the Commission.

**Grant Contract Number** is the official number assigned to the grant contract by the Commission. The grant contract number should be included on all project-related correspondence, payment requests, supporting documents and reports.

**Initial Payment** is the payment of a portion of the grant contract made to an eligible district after the grant contract is signed, but before actual grant contract-related expenses are incurred ("incurred" means having come into or acquired). An initial payment is intended to relieve "cash flow stress." *Please see the Initial Payment section for a more detailed explanation of the criteria.*

**Interagency agreement** is a written contract between the district and one or more other districts, or between the district and one or more government agencies as defined in RCW 39.34, or between the district and one or more non-profit organizations, or any combination thereof, to perform all or part of the services under the grant contract. An agreement commonly called a Memorandum of Agreement (MOA), Memorandum of Understanding (MOU), or an Interlocal Agreement shall be considered an interagency agreement. All interagency agreements between government agencies must comply with RCW 39.34 Interlocal Cooperation Act.

**Light Refreshments** include coffee and/or any non-alcoholic beverages (e.g. tea, soft drinks, juice or milk) and **between meal snacks** (e.g. doughnuts, sweet rolls, nuts, or fruit and cheese) at meetings, conferences, or project tours. Reimbursements for light refreshments **MUST** include a receipt for goods as well as a list of attendees. Without both the Commission will **NOT** provide reimbursement to the district. **NO exceptions.**

**Master Grant Contract** is the formal written contractual arrangement, signed by the district chair and the Commission, and includes the general terms and conditions.

**Maximum Grant** equals the ceiling of the grant contract funding. The actual grant contract amount paid to the district by the Commission will be less than the Maximum Grant amount if the district does not meet specific grant program related procedures. The maximum grant award may be reduced by the commission based upon contract performance and failure to commence work within 120 days.

**Minor** is any person under 18 years of age.

**Monitoring, including Water Quality Monitoring** are defined in Grant Programmatic Procedures are unique and specific to each individual grant program.

**Overhead** represents those costs that benefit more than one activity of the district and that cannot be directly assigned to a task of the project. Overhead Costs are not to exceed 25% of salaries/benefits or direct costs incurred by the district plus other acceptable goods and services outlined in the Overhead section of this manual.

**Personal Property** is property of any kind. It may be tangible (having physical existence) or intangible (such as patents, inventions and copyrights.) *Personal property does not include real property.* See Real Property definition.

**Personal Services** are professional or technical services provided by a consultant. Generally, personal services are used to address a short-term need, resolve an unusual

problem, expedite a special project, and/or bring specialized skills for which the district is not permanently staffed.

**Prevailing Wage** is defined as the hourly wage, usual benefits and overtime, paid in the largest city in each county, to the majority of workers, laborers, and mechanics. Prevailing wages are established by the Department of Labor and Industries for each trade and occupation employed in the performance of public work. They are established separately for each county, and are reflective of local wage conditions.

**Prior Authorization** is documentation from the Commission authorizing the district to incur project costs, or take particular actions. This permission is subject to certain conditions stipulated in the Prior Authorization Letter. Prior authorization is made before the execution of the grant contract.

**Purchased Services** are services that support the day-to-day operations of a district. Purchased services usually involve completion of an assigned task rather than an entire project, and do not require independent decision-making and analysis.

**Real Property** is land, including crops and mineral rights, land improvements, structures, and accessories to them, excluding movable machinery and equipment.

**Reduction in Funds** is when funding or authorization for the grant contract is made unavailable and the grant contract is subject to amendment or termination.

**SCC Financial Staff** is the Commission designated staff that has primary responsibility for overseeing the performance of the grant contract by the district and represents the Commission in matters concerning the grant contract.

**Scope of Work** includes a detailed description of the project, including intermediate outcomes, budget, and completion dates used to determine successful completion.

**Subcontractor** is an entity or organization, whose employees are not in the employment of the district, which is performing all or part of the services under the grant contract under a subcontract with the district. Prior to the district hiring a subcontractor to work on private property, written approval is required from the Commission.

**Supplies** are all tangible (having physical substance and intrinsic monetary value) personal property other than tools or equipment.

**Supplemental Funding** is additional funding that comes available for use in the project.

**Termination** is permanent withdrawal, before the expiration date, of the authority to obligate previously awarded project funds. It also means the voluntary relinquishment of that authority by the district.

**Terms of the Grant Contract** defines all requirements of the grant contract, whether in the contract, statute, regulations, or in these Administrative Procedures.

**Total Project Cost** equals the sum of allowable direct and overhead costs of the project.



# The Grant Process

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## Grant Application

Every Commission grant program has an application process; eligible districts are defined by enabling legislation, budget language, programmatic language, or action by the Commission members.

Unique procedures that apply to a particular grants program include:

- Statutory authorizations, restrictions and limitations;
- Grant funding periods and amounts;
- Rating and ranking criteria for grant awards and funding;
- Specific cost eligibility criteria; and
- Any additional reporting requirements.

*\* Be sure to read all documents carefully and completely.*

## Grant Application Format and Deadline

While the Commission will accept completed applications and supporting documents in the following formats:

- Hardcopy, delivered by hand, by any regular or special mail delivery system, or by facsimile machine (fax), **all grant application documents must have original authorized signatures.**
- If faxing or emailing grant applications, the version with the required original signature must be received within 3 business days.
- Electronic mail (email), when specifically authorized in the grant program application.

For Commission grant applications and supporting documents, “deadline” means:

- a. If delivered by hand, the applications must be received in the Commission’s office no later than the deadline date specified by the Commission.
- b. If transmitted by fax, the applications must be received by the Commission’s fax machine no later than the deadline date specified by the Commission. Proof of sending the documents by fax is not proof the Commission has received these documents. Since original authorized signatures are required, submissions sent in by fax must also be sent in by mail containing the original signature within business three days of receipt of the fax.
- c. For applications delivered by electronic mail – if e-mail applications are authorized, they must show an “inbox date received” no later than the deadline date specified by the Commission. Since original authorized signatures are required, submissions

sent in by email must also be sent in by regular mail containing the original signature within 3 business days of receipt of the email.

- d. For “first come, first served” application processes, applications will be ranked based on the time and date they are received in the Commission’s office, whether in hardcopy, fax, or electronic form.
- e. If the Commission does not receive all required documents and signatures by the deadline as defined herein, the grant application will be considered null and void.
- f. No matter what format is utilized, the Commission requires an original signature for all grant applications.**
- g. If applications are either faxed or e-mailed to the Commission office, at least the signature page containing an original signature must be received at the Commission office within 3 business days of the established deadline date.

**If a "first come, first served" process is used, at least the signature page containing an original signature must be received at the Commission office within 3 business days of the application being delivered or transmitted to the Commission office.**

### **Commission Grant Contract**

#### **Included in a Commission grant contract:**

- The district’s name and address.
- The district contact person and phone number.
- The Grant Contract Number is the identifying number assigned to the Grant Contract by the Commission. *The District must include the Grant Contract Number in all project-related correspondence, payment requests, supporting documents, and reports.*
- The district’s Federal Tax ID Number.
- Effective Date means the earliest date on which eligible costs may be incurred. Any costs incurred before the Effective Date are not eligible.
- Expiration Date means the last date on which costs may be incurred or accrued and be considered eligible for reimbursement. Any costs incurred after the expiration date are not eligible.
- A section for approval and signatures.
- Failure by the district to perform according to the Scope of Work or to comply with state or federal requirements may result in the reduction of funds or the termination of the grant contract.

## **Can work be done before the contract is signed?**

Work can only be started with written **Prior Authorization** from the Commission. Prior Authorization does not guarantee award of a grant contract, but it does make such costs eligible if the award is made.

The following conditions generally apply to all Prior Authorizations.

- Any work performed must be consistent with the Scope of Work found in the grant contract.
- Expenses claimed under the Prior Authorization must be supported by documentation of staff time and proof of expenses incurred and must be submitted to the Commission with the first reimbursement request under the grant contract.
- Costs incurred before the effective date of the Prior Authorization, and costs for work or expenses not consistent with the terms of the authorization are not eligible for reimbursement. Such ineligible costs will be at the expense of the District.
- The Prior Authorization letter must be included in the grant contract file as an exhibit.
- District's requests for Prior Authorization must be in the form of a written letter and be signed by the District authorized official.
- A Prior Authorization may be prohibited or further limited under each separate grant program.

## **Changes to the Grant Contract**

The work your district agrees to do under a grant Addendum may change during the life of the contract. An Addendum amendment is how the Commission and your district formalize these changes and it then becomes a part of your grant contract. Any subsequent amendments to the Addendum are numbered sequentially over the life of the contract.

An amendment is necessary whenever there is:

- 1) A revision in the Scope of Work or objectives of the project.
- 2) A decrease or increase in the Maximum Grant amount.
- 3) Whenever the Expiration Date is extended.
- 4) Whenever the Task Completion dates are changed.

- 5) An amendment is NOT required for administrative adjustments such as changes in district address or phone number, or changes to authorized signature form. Nevertheless, changes like these must be reported to the Commission grants program in writing.
- 6) Addendum amendments are only signed by the Commission.
- 7) If you need to redistribute costs among the project activity categories of your budget, submit a Budget Revision Form to the Commission. This document must be signed by a person in your district who is authorized to sign grant documents. Your request must be approved by the Commission prior to requesting reimbursement for costs based on the revision. The Budget Revision Form may be faxed or emailed to the office.
- 8) Redistribution may be limited by the conditions of each specific grant program.
- 9) Overhead Costs are not to exceed 25% of salaries/benefits or direct costs incurred by the district, depending on the option chosen at the beginning of the fiscal year.

## **Monitoring Grant Compliance**

Progress made by districts under their grant is monitored in several ways: payment requests, activity reports, periodic reports of significant developments and final reports.

### **Invoice Voucher**

- Districts are required to submit an invoice voucher **every month**, even if expenditures have not been incurred.
- If utilizing the email option, please send all vouchers to [sccgrants@scc.wa.gov](mailto:sccgrants@scc.wa.gov).
- ***ALL payment requests must be submitted to the Commission by the 20<sup>th</sup> of the following month.***
- By submitting an invoice voucher with the “No Activity this Month” box checked, the district is effectively reporting no grant activity has occurred and no expenditures have been incurred for the month.

### **Activity Report**

- If a district activity report is not received by its due date, the Commission will withhold payment of subsequent reimbursement requests until the report is

submitted.

- The Commission reserves the right to request supplemental activity reports based on Legislative or Budget-related requests. If the Commission does request an updated report, the district will be notified of the reason at the time of the request.

### **Final Report**

- Districts must submit a final report and other closing documentation required by the Commission within 30 days after the grant expiration date or other date specified in the grant contract. **A final payment will not be made until the final report and other required documents are received.**

### **Close Out**

- Districts must submit a close out form when their final voucher is submitted to the Commission. This is required by the Commission within 30 days after the grant expiration date or other date specified in the grant contract. **A final payment will not be made until the final report and other required documents are received.**

### **Reporting Significant Developments**

Events with significant impact on the project may occur between activity reports. Your district must inform the Commission as soon as any of the following situations come to light:

- Any problems, delays or adverse conditions which will materially affect your district's ability to meet project objectives, intermediate outcomes, time schedules, cost share implementation, or project tasks within established time periods. This disclosure will be accompanied by a statement of the action taken or proposed, and any assistance needed from the Commission to resolve the situation.
- Favorable developments that enable your district to meet schedules or objectives sooner or at less cost than anticipated, or that produce more beneficial results than originally planned.
- Any changes in project staff or contractors.

### **Termination and Suspension**

Under termination and suspension, the district may request and be provided an

opportunity for a hearings, appeal, or other administrative proceedings.

- **Suspension** means the temporary withdrawal of the authority to obligate previously awarded project funds pending either termination or corrective action by the district.
- **Termination** means permanent withdrawal – before the expiration date – of the authority to obligate previously awarded project funds. It also means the voluntary relinquishment of that authority by the district.
  - *Termination is clearly defined in the General Terms and Conditions included with each grant contract.*
- The Commission may suspend all, or part of, the grant contract, and withhold further payments, or prohibit the district from incurring additional obligations of funds if the Commission has reason to believe that fraud, abuse, or violation of the law has occurred on the part of the district or a subcontractor in the performance of the grant contract.
- The Commission may suspend all, or part, of the grant contract in the event the Commission determines the district has failed to comply with any material term of the grant contract, whether stated in a statute, regulation, plan, application, or elsewhere.
- If the district does not commence the project within four months after the effective date of the grant contract, or by any date mutually agreed upon in writing, the Commission may suspend the grant contract.

Termination does not include:

- Withdrawal of funds awarded on the basis of the district's underestimate of the unobligated balance in a prior period;
- Withdrawal of the unobligated balance at grant contract expiration; or
- Refusal to extend/renew a grant contract or award additional funds.

### **The Conservation Commission has the following options upon termination or suspension:**

Termination for withdrawal of funding will be effective when the Commission sends written notice of termination to the district. When a district grant contract is terminated or suspended, the Commission may take one or more of these actions:

- Temporarily withhold cash payments pending correction of the deficiency;

- Disallow all or part of the cost of the activity or action not in compliance;
- Request repayment of all or part of the funds already disbursed to the district;
- Withhold further grant contract awards; or
- Take other legally available remedies.

### **Allowable costs upon suspension or after termination**

- Costs to the district incurred during a suspension or after termination of a grant contract are not allowable unless expressly authorized in the notice of suspension or termination.
- Other costs incurred during suspension or after termination that are necessary and not reasonably avoidable are allowable if the costs result from obligations which were properly incurred by the district before the effective date of suspension or termination, were not in anticipation of the suspension, and, in the case of a termination, are non-cancellable, AND which would have been eligible if the grant contract had not been suspended or terminated.

### **Appeal Process**

- The Commission Grants Program is authorized to make determinations of cost eligibility, to disallow costs, and to ensure compliance with grant contract terms and conditions and program guidelines.
- The written decision of the Commission Grants Program will be final unless the district mails or otherwise furnishes a written appeal to the Commission within thirty days of the receipt of the decision.
- In connection with appeal of any proceeding under this clause, the district will have the opportunity to be heard and to offer evidence in support of this appeal. The decision of the Executive Director will be made within 30 days of the appeal and reported to the Commission at the next regularly scheduled meeting. Appeals from the Executive Director's determination will be in accordance with procedures outlined in the General Terms and Conditions included in the grant contract.
- While awaiting the final decision on an appeal, the district is expected to continue progress on the project according to all terms of the grant contract and in accordance with the decision rendered.
- Administrative costs and other expenses incurred as part of an unsuccessful appeal

are not allowable.

# Overhead / Goods and Services Charges

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## **Definitions of — Direct, Overhead, Eligible, and Allowable Costs**

The Commission will reimburse your district only for direct and overhead costs that are allowable under the grant contract.

### **Direct Costs**

Those that can be assigned to a particular project activity and budget object contained in the grant contract, such as:

- Compensation of actual hours of employees for the time devoted to the project.
- Cost of materials and equipment used specifically for the project.
- Costs of services furnished for the project by a subcontractor.
- Actual hours of administrative personnel who process vouchers, payroll, and other accounting activities specific to this project.

### **Overhead Costs**

Are those costs incurred for a common purpose and not readily identifiable with a particular project activity. This includes costs incurred by your district, as well as costs incurred by others who supply goods, services or facilities to your district, such as:

- Costs of utilities for a facility shared by a project and other district activities;
- Costs of supervisory personnel who oversee project activities as well as other district activities.

### **Computing Overhead Costs**

- Your district may account for overhead costs not clearly identified with a particular project activity in one of two ways:
  1. As “Overhead” by billing actual costs; or



2. By calculating no more than 25 percent of each voucher's direct costs for salaries and benefits.

Grant programmatic procedures may limit your choices for computing overhead costs. Whichever of these methods your district uses; it must be identified on the grant Addendum and be used for the duration of the contract. Once an overhead method is selected and vouchered against, it remains in effect for the period identified on the appropriate Addendum and cannot be changed. Supporting documentation for overhead costs must be available for inspection in the district office.

### **Is it Direct or Overhead?**

There is no universal rule for classifying certain costs as either direct or overhead; a cost may be direct with respect to some district function, but overhead with respect to the grant project. However, it is essential that each item be treated consistently throughout the project either as a direct or an indirect cost as follows:

- If your district utilizes an "Overhead" category in the contract budget it may direct bill all overhead costs which can be identified specifically with the project, and which are allowable under the contract. The district must compute these direct charges in the same way the charges would be computed if they were related to any other district activity.
- If your district decides to use the option of requesting reimbursement for an amount equal to, or less than, 25 percent of each invoice voucher's salaries and benefits, that amount is intended to include all costs in the categories listed in this section, which are not direct billed.
- These costs will be covered by the established overhead rate:
  - Office and operating supplies – office stationery/supplies, forms, cleaning supplies, etc.
  - Fuel consumed – to generate power or provide heat, not to reimburse district vehicle gas charges.
  - Small tools and minor equipment – calculators, fax machines, telephones, etc.
  - Professional services – janitorial, legal, etc.
  - Communication – basic telephone, cell phone, postage, etc.
  - Operating rentals and leases – rental costs for facilities or equipment, such as buildings or copy machines that are shared among all district activities.

- Insurance – fire, casualty, theft, bonds, liability, etc.
- Auto insurance is **not allowed**—this is covered in the mileage reimbursement rate set by OFM.
- Utility services- lights, heat, power, etc.
- Administrative employee training expenses – registration fees, mileage, meal per diem, lodging, etc.
- All district election and appointment expenses.
- Repairs and maintenance – labor and supplies to repair or maintain real and personal property including office equipment
- Audits – cost of audits necessary to administer and manage the project, including the cost of audits performed by the Office of State Auditor that are in excess of the cost covered by the Commission.
- Miscellaneous – subscriptions, memberships, printing and binding, accounting programs or other software used for all district programs, etc.

### **Eligible Costs and the Definition of Eligibility**

- The Commission will reimburse your district for costs that are allowable and eligible under your district’s grant contract.
- An eligible cost is a project cost that meets all eligibility criteria established by the terms of the grant contract.
- Only eligible cash expenditures are reimbursable, in whole or in part, with state funds.
- If cash expenditure is eligible, this implies that your district will be reimbursed for it, in whole or in part.


### **Eligible costs meet the following criteria:**

- Be allowable costs under the terms of the grant contract.
- Be necessary and reasonable for proper and efficient administration of the specific grant project defined in the Scope of Work and not a general expense required to carry out the overall responsibility of the district.
- The SCC financial staff or other designated Commission staff will not approve costs which are excessive for value received or otherwise unreasonable.







- Be authorized or not prohibited by federal, state, or local laws or regulations or the terms of the grant contract including the Scope of Work.
- They conform to the Project Budget and with any other financial limitations in the terms of the grant contract. Costs in excess of the budget and / or costs which do not conform to other restrictions are not eligible.
- Be incurred after the effective date and before the expiration date of the grant contract.
- Be net of all applicable credits (such as rebates, discounts, refunds). The amount which is eligible is the net cost after the credit is applied.
- Be documented. Costs which are not supported by invoices, time sheets or other required documentation are not eligible.
- Be consistent with policies and procedures that apply to other district activities. Allocation of shared costs to the grant contract must be based on a documented cost allocation plan that is consistently applied to all funding sources.
- Costs charged in full against the grant contract must not be charged against any other contract, subcontract, or other funding source in any past, present, or future period. If a cost is applicable to more than one grant program, the costs may be divided among each grant yet charges are NOT to exceed the full cost of the item.






### **Allowable Costs**






These categories will apply whether a particular cost is treated as a direct or overhead cost. Failure to mention a particular cost does not mean that it is either allowable or unallowable. Specific grant program guidelines may further restrict the categories or costs that are allowable. In addition, some costs are allowable only under certain conditions. Allowable Costs include, but are not limited to, the following list:

IN ADDITION TO THE 25% RATE	INCLUDED WITHIN THE 25% RATE	ALLOWABLE COSTS UNDER GOODS AND SERVICES
		<b>Accounting</b> , including the cost of establishing and maintaining accounting and other information systems required for the management of projects.

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IN ADDITION TO THE 25% RATE	INCLUDED WITHIN THE 25% RATE	ALLOWABLE COSTS UNDER GOODS AND SERVICES
		<p><b>Advertising</b>, including newspapers, magazines, radio and television programs, direct mail, trade paper, when the purpose of the advertisement is:</p> <ul style="list-style-type: none"> <li>• To recruit personnel needed for the project;</li> <li>• Notification of supervisor elections and appointment procedures;</li> <li>• To solicit bids for procuring project-related goods and services;</li> <li>• To dispose of scrap or surplus materials acquired during the project;</li> <li>• To advise the public about a project activity; or</li> <li>• For other purposes specifically provided for in the grant contract.</li> </ul>
		<p><b>Audit service</b>, including the costs of audits necessary to administer and manage the project; this includes audits of districts performed by the Office of State Auditor.</p>
		<p><b>Bonding</b>, including costs of premiums on bonds covering employees and/or supervisors who handle project funds.</p>
		<p><b>Budgeting</b>, including identifiable costs related to developing, preparing, presenting, and executing the project budget.</p>
		<p><b>Central stores</b>, including maintaining and operating a central stores organization for supplies, equipment, and materials used directly or indirectly for the project.</p>
Postage can be vouchered for in addition to the 25% rate.		<p><b>Communications</b>, including project-related costs incurred for telephone, cell phone calls or service, facsimile service, messenger service, e-mail and similar expenses.</p> <p>Costs associated with <b>postage</b> are NOT included in the 25% overhead rate. All other costs in this category are considered covered under the overhead rate.</p>

IN ADDITION TO THE 25% RATE	INCLUDED WITHIN THE 25% RATE	ALLOWABLE COSTS UNDER GOODS AND SERVICES (Continued)
		<p><b>Compensation for personal services</b>, including wages, salaries, and supplementary compensation and benefits - paid currently or accrued - for services rendered under the grant contract, including compensation for employees of the district. Such compensation is allowable if:</p> <ul style="list-style-type: none"> <li>• It is reasonable for the services rendered, and consistent with compensation paid for similar work in the District's labor market;</li> <li>• It complies with applicable local, state or federal laws or rules governing procurement or merit system requirements;</li> <li>• It is not compensated by any other governmental entity, contractor, or subcontractor; and</li> <li>• It is documented according to payment request procedures.</li> </ul>
		<p><b>Conference and meeting costs</b>, such as meeting room rental, registration fees, supplies, contracts with facilitators, when the primary purpose of the meeting is the dissemination of technical information relating to the project and the individual costs are in themselves allowable.</p>
		<p><b>Disbursing service</b>, including the costs of disbursing project funds by the Treasurer or other designated officer. Disbursing services cover the processing of checks or warrants, from preparation to redemption, including all records required for accountability and reconciliation.</p>
		<p><b>Dues</b>, National Association of Conservation Districts (NACD), Washington Association of Conservation District (WACD), and Area Association dues are grant eligible.</p>
		<p><b>Expenses</b>, related to the Elections and Appointment of district supervisors are grant eligible.</p>

IN ADDITION TO THE 25% RATE	INCLUDED WITHIN THE 25% RATE	ALLOWABLE COSTS UNDER GOODS AND SERVICES (Continued)
These costs are absorbed by district employee composite rates.		<b>Employee fringe benefits</b> , to the extent that total compensation for employees is reasonable. Compensation paid to employees during periods of authorized absences from the job (such as annual leave, sick leave, jury duty, military leave) and employer contributions (such as social security, employees' life and health insurance plans, unemployment insurance coverage, workmen's compensation insurance, pension plans) are allowable if they are provided according to an approved plan and their cost is equitably allocated to all related activities, including projects.
		<b>Equipment rental</b> , provided that the total cost during the project does not exceed the fair market value of the equipment and the costs are consistent with rental rates in the District's market. The district must show proof of receipt from vendor in order to seek reimbursement from the Commission. If equipment is to be used on private land, the district must show proof of reimbursement by the landowner to the district before seeking payment from the Commission as well.
		<b>Insurance</b> , including fire, auto, casualty, theft, liability, bonds, etc.
		<b>Light Refreshments</b> include coffee and/or any non-alcoholic beverages (e.g. tea, soft drinks, juice or milk) and <b>between meal snacks</b> (e.g. doughnuts, sweet rolls, nuts, or fruit and cheese) at meetings, conferences, or project tours. Reimbursements for light refreshments <b>MUST</b> include a receipt for goods as well as a list of attendees. Without both the Commission will <b>NOT</b> provide reimbursement to the district. <b>NO exceptions.</b>
		<b>Maintenance and repair</b> , including costs incurred for normal preventive maintenance, necessary repair, and upkeep of property as required to maintain an efficient operating condition, but not costs for work which adds to the permanent value of the property or appreciably extends its designed life. This is not the same as normal operating costs, which include all costs for the day-to-day operation of a facility.
		<b>NRCS Background Checks</b> , these costs are grant reimbursable when paying for district supervisors and staff.

IN ADDITION TO THE 25% RATE	INCLUDED WITHIN THE 25% RATE	ALLOWABLE COSTS UNDER GOODS AND SERVICES (Continued)
	★	<b>Payroll preparation</b> , including project-related costs of preparing payrolls and maintaining necessary related wage records.
	★	<b>Personnel administration</b> , including costs of recruiting, examining, certifying, classifying, training, establishing pay standards, and performing other project related activities.
★		<b>Printing and reproduction</b> , including project-related materials such as forms, reports, manuals, and informational literature.
	★	<b>Procurement service</b> , including soliciting bids, preparing and awarding contracts, and all phases of Grant Contract administration to provide goods, facilities and services for projects.
★		<b>Reference material</b> , directly related to the project.
	★	<b>Rental of office space</b> , in privately or publicly owned buildings, provided that the costs do not exceed the rental costs of similar facilities in the same locality.
	★	<b>Taxes</b> , or payments in lieu of taxes, that the district is legally required to pay.
★		<b>Training and education</b> , the cost of training that <i>directly</i> benefits the project, i.e. WADE training, technical training, etc. Reimbursement of training and education - related expenses will be made on a reimbursement basis. Implementation grants are the recommended source to fund training.
★		<b>Transportation</b> , including costs for freight, cartage, express, postage and other transportation costs relating to goods purchased, delivered, or moved from one location to another.



IN ADDITION TO THE 25% RATE	INCLUDED WITHIN THE 25% RATE	ALLOWABLE COSTS UNDER GOODS AND SERVICES (Continued)
		<b>Use allowances</b> , for equipment or facilities owned by the district, provided that the charge does not exceed the portion of acquisition cost that could be reasonably attributed to the project and does not exceed the rental rate for comparable equipment or facilities in the district's market.

### **Conditionally Allowable Costs**

The following costs are allowable under certain conditions. Some costs are allowable only if the activity is included in the grant contract scope of work and budget, or with specific prior written approval from the Commission. In such cases, the district must send a written request for approval to the Commission and receive written approval before incurring the obligation.

**Construction costs** are eligible only if:

- The construction is part of a pilot or demonstration project;
- Public benefit outweighs individual gain; and
- The construction project was included in the grant application Scope of Work and Budget.

A request for reimbursement of construction costs must include:

- A signed subcontract for construction awarded based on a competitive bid process;
- Documentation of the competitive bid process;
- Written approval of construction design by NRCS, engineering and design approval, as required; plans and specifications approval, as required; and
- A written contract for ongoing operation and/or maintenance of the structure(s).
- Districts must submit documentation to the Commission for prior approval before construction contracts are signed or construction costs are incurred.

- **Construction permits**, Prior to commencement of any construction, the district will secure the necessary approvals and permits required by local, state or Federal authorities having jurisdiction over the project, provide assurance to the Commission that all approvals and permits have been secured, and submit copies to the Commission.
- **Equipment**, Purchases of equipment are a conditionally allowable expense and must be included in the Scope of Work and **MUST HAVE prior written authorization** from the Commission for all equipment purchases over \$1,000.
- **Light refreshments**, including coffee and/or any non-alcoholic beverages, (e.g. tea, soft drinks, juice, water or milk) and **between meal snacks** (e.g. doughnuts, sweet rolls, nuts, or fruit and cheese) at meetings, conferences, or project tours, when the purpose of the event is to conduct official business, to provide formal training for employees or volunteers, or to view project sites and work continues throughout the period that refreshments are available. **Reimbursement for light refreshments requires a receipt from the vendor and a list of attendees.** Pizza, sandwiches, etc, are NOT considered light refreshments.
- **Landowner recognition awards** for exemplary grant-program-specific performance in the form of certificates, plaques, etc., and of a small monetary value (\$25 or less) may be made under certain grant programs if the following conditions are met by the district:
  - The district has adopted an appropriate policy regarding landowner recognition awards that provides sufficient standards to establish that any awards actually made are “earned” by the landowner. At a minimum, those standards should include:
  - A description of the basis on which the district will make landowner recognition awards;
  - A description of the process by which the district will decide who is to receive such awards; and
  - A description of the type of award to which a landowner will be entitled.
  - The award activity is included in the grant Scope of Work.
- **Clothing/apparel** Reimbursement for purchase of apparel necessary for employees’ safety, or for public health and safety while performing job duties under a grant Scope of Work is an allowable expense (e.g. hard hats, protective eyewear, protective gloves, boots, and other clothing).
  - Reimbursement for purchase of district logo/non-logo hats, jackets, tee shirts, vests,

sweatshirts, etc. *is not an allowable expense.*

## **Unallowable Costs**

Contact Commission staff for a determination concerning specific costs for unique circumstances. The following costs are not allowable costs under a grant contract.

- **Bad debts**, including any losses arising from un-collectible accounts and other claims, and related costs.
- **Contributions to a contingency reserve**, including any funds set aside by the recipient in order to reimburse unanticipated costs.
- **Contributions and donations.**
- **Depreciation**, of facilities or equipment.
- **Duplication of costs**, the district certifies that work to be performed under the grant contract does not duplicate any work charged or to be charged against the same or any other grant contract, subcontract, or other source.
- **Entertainment**, including costs of amusements, WACD auction items, social activities, and incidental costs relating to them (such as meals, beverages, lodgings, rentals, transportation, and gratuities.)
- **Fines and penalties**, including late fees charged by vendors, and any costs resulting from violations of, or failure to comply with federal, state, and local laws.
- **Interest and other financial costs**, interest on borrowings (however represented), bond accounts, cost of financing and refinancing operations, and legal and professional fees paid in connection to them, are unallowable except when authorized by state legislation.
- **Lobbying**, or expenses related to lobbying.
- **Natural Resource Youth Camperships**, the Commission will not pay for any part of the cost of sending campers to Natural Resource Youth Camp. The State Auditor advises us that it is not authorized by conservation district law (89.08 RCW).
- **Regional Envirothon Contest Expenses**, Regional Envirothon Contest participation and expenses are **not an** allowable activity under any Conservation Commission grant program. This decision will come under review and changes may be made.

***\*All payments will be subject to a final audit, and the district will repay the Commission for any unauthorized or unallowable expenditures charged to the grant contract.\****

## Travel Procedures

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- **Travel**, including costs of transportation, lodging, subsistence, and related items incurred by employees and volunteers in travel status on official district business that directly relates to the grant project. Payment will be made based on state employee travel reimbursement rates and policies. The Commission staff can provide information on current employee travel reimbursement rates and policies. *(For complete information regarding state travel regulations visit Office of Financial Management's website: [www.ofm.wa.gov/policy/poltoc.htm](http://www.ofm.wa.gov/policy/poltoc.htm))*
- **Travel is not an allowable cost under overhead.** Must be clearly identified and receipts for all lodging and expenses over \$50.00 must be submitted on a travel voucher request form with the rest of the grant voucher.
- **3-hour rule, where lay your head, meal times.** For details of this rule and others please see the Office of Financial Management's website at [www.ofm.wa.gov/policy/poltoc.htm](http://www.ofm.wa.gov/policy/poltoc.htm).
- All meals and lodging must be vouchered for may not exceed the state per diem rate. For the complete listing of rates please see the Office of Financial Management's website at [www.ofm.wa.gov/policy/poltoc.htm](http://www.ofm.wa.gov/policy/poltoc.htm).
- **Travel – vehicle operating costs** are allowable, based on the current state mileage rate only. For current state mileage rate please visit *Office of Financial Management's website: [www.ofm.wa.gov/policy/poltoc.htm](http://www.ofm.wa.gov/policy/poltoc.htm)*.
- **Reimbursement of travel expenses** must be made on a state Travel Expense Voucher, or a form developed by the district that provides all of the same information that is included on the state form. Travel Expense Vouchers must be submitted with each grant reimbursement request if travel reimbursement is requested. All travel vouchers requesting reimbursement for lodging **MUST** include all applicable receipts. An authorized signatory of the district must sign along with the employee submitting the travel voucher.
- **Internal Revenue Service (IRS)** has determined, in some cases, meal allowances and reimbursements to employees are taxable fringe benefits. Districts should check with the IRS, certified public accountants or the auditor for any changes in the rules

regarding meal allowances.

# Financial Procedures

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## **Fiscal Management:**

**Standards for fiscal systems:** the district must expend and account for project funds in accordance with state laws, BARS and its own procedures. Accounting procedures must:

- Provide accurate and complete disclosure of the financial results of projects in accordance with all financial reporting procedures of the grant contract.
- Identify the source and application of project funds. Records must contain copies of all contracts, authorizations, obligations, assets, liabilities, expenditures, and income.
- Provide effective internal control and accountability for all project cash, real and personal property, and other assets. Districts must adequately safeguard all such property and assure that it is used solely for authorized purposes.
- Conform to the project budget. Actual expenditures must be in accordance with line items in the grant contract budget.
- Conform to applicable cost principles detailed in all terms of the grant contract.
- Maintain appropriate supporting source documentation. This includes record of check numbers, invoices, purchase receipts, payrolls, time and attendance records, contract award documents, and vouchers sent to the Commission

**Standards for accounting records:** required accounting records include the following or their equivalent:

- A general ledger, which classifies, records, and summarizes all accounting transactions relevant to the project.
- An accounts receivable ledger, which records all funds (cash, checks, money orders) received by the district.

- An accounts payable ledger, which records all expenditures made by the district, including date, warrant or voucher number, payee, and purpose of the payment.
- The district will maintain books, records, documents, and other evidence of accounting procedures and project policies and practices that are sufficient to permit the preparation of reports required by the state of Washington and to permit the tracking of funds to a level of expenditure adequate to ensure that the funds have been spent in accordance with federal and state laws, regulations, policies, procedures, and the grant contract.
- These records will be subject at all reasonable hours to inspection, review or audit by the Commission or designated state officials and the State Auditor.

## Payment Requests

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### Authorized Signatures Form

- A current Authorized Signatures Form must be on file at the Commission office before Invoice Vouchers can be processed or paid.
- A new form is required any time after the election is certified or any other changes to district Authorizing Signatures, i.e. new staff, new supervisors, changes in officers.
- A new form is required at the beginning of each new fiscal year and must be received prior to incurring costs on the grant.

### Composite Rate Forms

Composite Rate Forms are required on each district employee when:

- January of each year,
- the employee's salary or hourly wage changes,
- an Employment Security or Labor & Industry rate changes,
- leave accrual amounts for employees change,
- any employer paid benefit rate changes including retirement and health insurance.
- Sick, Annual, and Holiday leave is incorporated into the Composite Rate and shall not be charged separately.

***\*The Commission will not accept loaded composite rates and/or service fees added onto an existing composite rate.***

## No Expenses Incurred

- Districts are required to submit an invoice voucher **every month**, even if expenditures have not been incurred.
- By submitting an invoice voucher with the “No Activity this Month” box checked, the district is effectively reporting no grant activity has occurred and no expenditures have been incurred that month.
- If expenditures have been incurred but a voucher has not been submitted for more than 3 months, the district will submit all supporting documentation and receipts with the next voucher.
- If expenditures have not been incurred but a “No Activity this Month” voucher has not been submitted for more than 3 months, the district will submit a letter to the Commission addressing why the funds have not been utilized during the 3 month period.

## Payment Requests

- Payment Requests will be processed based upon the submission of all required forms and supporting documents. Blank samples of each form may be obtained by contacting the Commission.
- Districts are required to submit an invoice voucher **every month**, even if expenditures have not been incurred.
- If utilizing the email option, please send all vouchers to [sccgrants@scc.wa.gov](mailto:sccgrants@scc.wa.gov).
- ***ALL payment requests must be submitted to the Commission by the 20<sup>th</sup> of the following month.***
- The District shall maintain the original-signed payment requests. The Commission will accept fax or electronic submittal of payment requests.

## Standards for payment

- Unless the District requests an Initial Payment, all grant contract funds will be disbursed as reimbursement for costs or obligations incurred.
- **Approved eligible costs or obligations incurred will be considered to have been paid by the district at the time the district seeks reimbursement from the Commission.**

## **Documents Required with Reimbursement Requests**

The district will submit **all** supporting documentation for the **FIRST** reimbursement request and for the first request for payment whenever there is a change in the district staff person responsible for preparing the request for payments. Supporting documentation includes the following:

- Invoice Voucher Support Summary Page—by Intermediate Outcome.
- Invoice Voucher Support Detail Page—by Intermediate Outcome.
- Employee time sheets, signed by an authorized signatory or direct supervisor as well as the employee, must be submitted with each voucher.
- Travel Expense Vouchers and receipts must be submitted each time travel reimbursement is requested and signed by authorized signatory.
- Copies of the signed Cost Share Application and Agreement (for completed projects) or Cost Share Partial Payment Request form (for partially completed projects) **WITH** receipts must be submitted each time cost share reimbursement is requested.
- Composite salary rate information must be updated and submitted when there is a change.
- Any Goods and Services charge over \$50.00 requires a receipt for reimbursement. **NO** payments will be issued without them, **NO exceptions**.

## **Forms Required with Reimbursement Requests**

Districts are required to use the invoice voucher support forms supplied by the Commission, all of which are located on the Commission's website.

### **Submittal of Voucher and Documentation**

- *Invoice vouchers and back up documentation may be faxed, emailed, or sent regular mail.*
- *Districts shall maintain the original signed documentation, per the BARS Manual.*
- The Conservation Commission does not need original signatures on Invoice Voucher Summary pages, time sheets, or cost share agreements.

### **Invoice Voucher Support Form – Detail Page**



- The Detail Page breaks down project expenses according to the Grant Intermediate Outcomes.
- Each cash expense is itemized on this page according to the relevant Intermediate Outcome. **Each expense must be put on as its own line item.**
- Totals from this form are transferred to the Summary Page. It is on this form that the district identifies they use the Composite Hourly Rate method for grant contract billing purposes. **Gross wages are no longer an acceptable billing method.**
- If the district uses the Composite Rate method, current Composite Hourly Rate sheets for each employee must be on file at the Commission office.

### **Invoice Voucher Support Form - Summary Page**

- The Summary Page gathers the totals of the Intermediate Outcomes from the Detail Page.
- The Invoice Voucher Support Form is the “authorizing payment” document and must include an authorized district signature.

### **Audit Findings or Management Letter**

- Districts that receive findings or a management letter of a grant-related nature from the Office of State Auditor are required to notify the Conservation Commission and must submit **monthly** payment requests with **all** supporting documentation for all grants for a period of 12 months after the date of the finding or management letter. The Commission reserves the right to review all cases of audit findings and waive the documentation requirements if it sees fit.

### **Supporting Documentation of Costs**

The District will maintain the following support documentation for each reimbursement request in a separate grant contract file that will be kept for six years after the expiration date of the grant contract:

- Composite Rate sheets for each employee working under that grant contract will be submitted with the first reimbursement request and updated when there is a change.
- Signed copies of employee time sheets with the grant hours worked and the accompanying math used to reach the salary amount requested.
- State travel vouchers signed by the claimant and approved by an authorized district signer. If applicable, copies of lodging receipts must be attached.

- Copies of vehicle travel logs for vehicle use.
- Copies of proof of expenditures for non-personnel costs incurred such as invoices, bills, receipts, or canceled checks.
- Copies of the signed Cost Share Application and Agreement. This also includes the Cost Share Partial Payment Request form and copies of receipts and the Cost Share Detail Receipt Worksheet or other proof of expenditures related to the cost share project.

### **Submitting Supporting Documentation of Costs**

- When expenditure questions and/or problems arise, and at least once during the course of the grant contract on a random basis, the Commission may request that the district submit supporting documentation.

### **Employee Time Sheets**

- Time sheets must be submitted with each reimbursement request that includes employee time.
- Employee time must be recorded and broken down by Intermediate Outcome outlined in the Scope of Work for each grant.
- Do not include the employee's Social Security Number or birthday on the time sheet.
- Must be signed by both the employee and an Authorized Signatory or direct supervisor.
- If a district manager's timesheet is submitted, it must be signed by both the district manager as well as an Authorized Signatory.
- Compensatory Time or Exchange Time is to be billed to the Grant when the hours are earned only.
  - Compensatory Time = Non-Exempt
  - Exchange Time = Exempt

### **Initial Payments**

An Initial payment is the payment of a portion of the grant made to the district after the grant contract is signed, but before actual grant-related expenses are incurred. An initial payment is intended to relieve "cash flow stress."

- An Initial payment of 50% of the total grant amount may be requested.

- The Initial payment will be given in two 25% allocations.
- The first initial 25% payment must be reconciled within 90 days (3 voucher periods).
- Once the first Initial payment of 25% has been reconciled, the district may request second phase Initial payment of 25%. This second phase must be reconciled within 90 days (3 voucher periods).
- The maximum allowable Initial Payment shall not exceed 50% of the total grant award.
- Once the Initial Payment(s) have been reconciled, the district is eligible to receive the remaining grant funds through the regular vouchering process.
  - **Procedure:** a request for an initial payment must be made in writing by the district after the grant contract has been signed by both parties, and a copy is on file with the Commission. The official Initial Payment Request Form can be obtained from the Commission website or from the office directly.
  - **Eligibility:** the initial payment under the grant contract is available only to districts that have submitted complete, accurate, and timely expenditure and activity reports for the previous fiscal year. The initial payment may not be used to support activities not allowable under the grant contract. If a district does not meet these requirements, the Commission may, with notice to the district, require repayment of the initial payment against actual expenditures within 30 days.
  - **Reconciliation against actual expenditures:** the initial payment will be reconciled against actual expenditures. If payments exceed actual expenditures, the district will submit a check for the overpayment to the Commission.

### **Initial payments may be prohibited or limited by specific grant program**

Specific grant programs administered by the Commission may not have the initial payment option available. If you have a question about initial payments consult the Commission financial staff.

### **Fiscal year end and final request for payment**

- Districts must submit final request for payment within thirty (30) days after the end of the fiscal year.
- If vouchers and close-out documents are received after the 30-day window, they are considered late and will not be paid.

- Only expenses incurred before the expiration date of the grant contract are eligible for reimbursement.
- The last payment will be processed only after all required reports, final payment request and closing documents have been received by the Commission.
- The district will require any subcontractors funded entirely, or in part, under the grant contract to meet the above requirements when submitting requests for reimbursement under the subcontract.
- **Payments delayed until all documents received.**
  - The last payment will be processed only after all required documents have been received by the Commission. Payments may be delayed until these reports are received.

## Cost Share

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### General Cost Sharing Policy

The Cost Share Policy developed by the District will give high priority for cost sharing Best Management Practices (BMPs) that are:

- part of a complete conservation plan,
- part of a watershed or riparian management plan or project,
- that have the greatest likelihood of improving water quality,
- that are listed in districts' annual plans of work, and
- a lower priority to BMPs that are outside a conservation plan.
- If a district cost shares BMPs that are not part of a conservation plan, the BMPs should be designed to fit into the conservation needs of the whole operation or parcel, and also not be detrimental to a possible future conservation plan.
- **Cost share**, including reimbursement to landowners for the costs associated with Best Management Practices (BMP) implementation. Cost share rates are based on the Commission's Cost Share Policy, as stated in each grant program's application packet, grant contract, in specific programmatic documents, and on the Commission's website.

### Application and Agreement for Cost Sharing Assistance Form

- Before cost share expenditures can be reimbursed to the district, the Commission needs

a copy of this form for each cooperator with Section 5, Application and Agreement completed (the Cost Share Application Worksheet also must be included).

- After BMPs are completely installed, the district may request a reimbursement of cost share by submitting an invoice voucher that includes a copy of Section 6, Agreement Completion Certification along with the backup receipts supporting the expenditures.
- If BMP components are installed in phases, the district may request a partial payment of cost share by submitting an invoice voucher that includes the Request for Partial Payment Form along with the backup receipts supporting the expenditures.
- Certain Commission grant programs require the use of program-specific cost share forms, i.e. CREP, Livestock, and Irrigation Efficiencies. If you have a question about which cost share form to use, or which procedures to apply, consult the Commission financial staff.

### **Individual Contributed Services Form**

This form is used by individuals who contribute multiple hours to one or more tasks related to the grant project. This form can capture hours worked by adults on the project at no more than \$18/hour and hours worked at the current minimum wage for minors, by completing and signing this form a dollar amount can be determined for the services that this individual contributed to the project.

- Fuel costs will not be paid to landowners with Cost Share Agreements. Fuel Costs are considered a cost of doing business and are the landowner's portion of cost share.

### **Cost Sharing Budget**

Unless identified in the Scope of Work for a particular program, there is no limit on the amount of funds from individual grant budgets that may be earmarked for cost sharing. However, there is a limit on the amount of cost share funds each operation may receive.

### **Cost Share Limits**

- The Conservation Commission establishes the limit for cost share each fiscal year, for each grant program.
- Facility (Operation) is defined as separate and identifiable legal parcel description.
- For all Commission grant funds – cost share limits for the biennium are as follows:
  - \$25,000 per facility,
  - per grant program,

- not to exceed \$50,000, per landowner,
  - 75% reimbursement of total costs for Livestock Cost Share.
  - 50% reimbursement for all other programs, **NO EXCEPTIONS**
  - excludes CREP and Irrigation Efficiencies.
- Livestock cost share limit is defined as \$25,000 per facility, with a maximum of \$50,000 per landowner, per biennium.
    - Livestock cost share may have stricter requirements.
    - Currently there is a Livestock Cost Share waiting list therefore the effective date money was awarded is the effective date of the unilateral amendment.
      - Expenses occurred before the date of the amendment are not eligible for reimbursement by the Commission. **NO exceptions.**

### **Cost Sharing Rates**

Rates are based on total project costs and are set by each conservation district board, but are not to exceed the following limits and when setting cost sharing rates district boards should consider;

- BMP cost and effectiveness in improving water quality;
  - Availability of other sources of cost sharing;
  - Local economic conditions;
  - The public benefit to be derived from the practice; and
  - The convenience of the practice to the landowner.
- **Irrigation ditches, canals, and ponds**
    - The Commission's cost sharing policy for riparian areas may apply to irrigation ditches, canals, or ponds on a **case-by-case basis**. The local district board of supervisors will make this determination based upon clear and direct benefits to water quality and related biological systems.
    - Additional counsel may be provided by the Commission Regional Manager, if requested by the board.

### **Written cost share application and agreement is required**

Districts are required to use a written cost sharing application and agreement, which both the district and landowner must sign. If a district chooses to use its own form, it **must** contain the each section of Commission's Cost Share form.

## **Methods of Payment**

- **ALL** receipts are required to be submitted with the voucher requesting reimbursement, including partial payment requests. A Cost Share Receipt Detail page must be included with the invoice voucher along with all corresponding receipts. **NO exceptions.**
- *Cost share for Associate Supervisors and District Staff* – please contact the financial staff or your regional manager **before** approving cost share agreements. **Cost share for Associate Supervisors and district staff may not be reimbursed in excess of the state laws covering municipal officers.**
- A district must make cost share payments directly to a cooperator on a ***reimbursement basis only.***
- If a district chooses to follow RCW 89.085.220 Subsection (6), the district **MUST** include with their voucher request for reimbursement the following:
  - District's receipt for materials purchased on behalf of the landowner from the vendor.
  - District's invoice to the landowner requesting reimbursement for the materials purchased on behalf of the landowner.
  - A copy of the check from the landowner to the district proving that reimbursement to the district from the landowner has been made for the materials purchased.
    - The Commission also reserves the right to ask for additional documentation and information on a case by case basis.

*\*\* If the district chooses this option, there will be **NO exceptions** made to the documentation required. All 3 of the aforementioned documentation must be present for each cost incurred or reimbursement will not be made by the Commission. \*\**

## **Partial Payment of Cost Share Award**

A district may request reimbursement for a partial payment of cost share from the Commission for BMPs included in the Cost Share Application and Agreement that are implemented in phases. Partial cost share reimbursement requests to the Commission must include a copy of the Cost Share Partial Payment Request Form, appropriate receipts, Cost Share Receipt Detail page, and included on an Invoice Voucher for payment.

Within 6 months of the partial payment, [and/or] before the end of the fiscal year, (whichever comes first), the project must be completed and final voucher request sent to the Commission.

## **IRS Form 1099**

Please confirm with the IRS each tax year – but generally districts do not provide IRS Form 1099 to cooperators who received cost share payments. Cost Share is categorized as a reimbursable expense, not an income.

## **Retroactive Payments Prohibited**

**No retroactive cost share payments shall be made under the Commission's cost sharing program.**

- For purposes of this policy, the effective date of a Cost Sharing Application and Implementation Agreement is the date the district chair signs it, not the date the cooperator signs it.
- The term “retroactive” refers to any time prior to the date of the chair’s signature.
- The Commission will not reimburse the district/landowner for any receipts/charges that occurred BEFORE the effective date of the Cost Share Application. **NO EXCEPTIONS!**

## **Cooperator's Share**

The Commission will accept the value of in-kind labor from cooperators based on the lesser of the established rate of **\$18.00** per hour for adults and current minimum wage rate for minors, or the actual per hour rate of the laborer. **The \$18.00 max established by the Commission is the most the district will be reimbursed for, even if district policy has a higher rate.**

## **Eligible BMPs**

All BMPs meeting NRCS standards, or alternative practice designs approved by a professional engineer licensed by the State of Washington, are eligible for cost sharing. Emphasis will be placed on BMPs involving structures and facilities, including bioengineering practices.

## **Maintenance or Operation of Existing BMPs**

- Maintenance or operation of existing BMPs is not eligible for funding. However, cost sharing may be used to repair existing BMPs damaged or destroyed by acts of nature. An “act of nature” is defined as an occurrence, especially a disaster, that is due entirely to the forces of nature and that could not reasonably have been prevented.



- Districts considering the use of cost share dollars for repair of existing BMPs destroyed by an act of nature should consider the cost-effectiveness of the repair, whether the design criteria is adequate, and if the public benefit outweighs private gain.

### **Unique Situations**

If a district believes that cost sharing a BMP in a unique situation will have a demonstrable, positive water quality impact, they may request cost sharing approval from the Commission on a case-by-case basis. “A unique situation” is one that is outside the policy established and contained in this *Grants Administrative Procedures* and/or in the General Terms and Conditions attached to the Commission’s grant contracts. The approval process for unique situations is the same as for cost share appeals shown below.

### **Cost Share Appeals**

- If a district believes there is good reason to request a variance in either the cost share rate or dollar limit for a grant, it may submit an appeal to the Commission stating the nature of the hardship or special circumstance, and the cost share percentage or maximum amount of cost share desired.
- Appeals of the Commission's cost sharing policy must be in writing, signed by the district chair or designee, and sent to the Commission financial staff.
- The appealing district must send a representative, authorized to speak on behalf of the district, to the Commission meeting at which the appeal will be heard.
- Commission members will consider variance requests on a case-by-case basis, and will respond to requests within ten working days following the meetings.
- Appeals must be received in the Commission’s headquarters office at least 15 days prior to the next regularly scheduled Commission meeting in order to be considered at that meeting.

### **Location of BMPs**

- Cost sharing may be used in urban areas as well as on rural farms and ranches located within District boundaries. Projects funded in urban areas must meet the same requirements as those funded on agricultural land.
- Districts may cost share on publicly owned lands (except federal), as long as the cost share agreement includes the public entity, and the lands in question are under the control of the public entity.

- In the case of cost sharing with a lessee located on publicly owned land, the entity owning the land must also be a signatory to the cost sharing application.

### **Pooling agreements**

A group of individual operators may pool their cost share funds, by written agreement, to install BMPs that provide water quality benefits. Such pooling agreements must include operation and maintenance requirements and have been approved by all parties involved.

### **Cost of BMPs**

- The costing-out of BMPs shall be based on local cost data, FSA data, or established NRCS contract cost lists. Operators shall be allowed to obtain their own bids for installation of BMPs.
- **BMP installation using materials already owned by landowner.** These material costs are reimbursable under the Commission's grant programs. However, to determine the appropriate reimbursement rate, materials must be priced using an average of three local bids costs.

### **Maintenance of BMPs**

Operators or landowners shall agree to maintain BMPs cost shared under this program for the design life of the BMPs, as determined by FSA and/or NRCS standards, or as determined by a licensed professional engineer.

## **Policy applicable to CREP only**

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- **Ten percent cost share**

The state, through the Commission and conservation districts, pays ten percent of the cost of establishing riparian buffers under the CREP program. Funds for this cost sharing are contained in each district CREP grant. Contact the CREP Coordinator for further instructions on eligible CREP construction costs.

- **Maintenance costs**

The Commission has agreed to provide to landowners participating in the CREP program maintenance costs for up to five years from the establishment date according

to the terms of the CREP Maintenance Funding Policy. Contact the Commission's CREP Coordinator for the current program policy.

- **Advance payments to landowners based on FSA Practice Incentive Payments (PIP)**

As an option for participating landowners, the Commission has agreed to make available advance payments from State CREP cost share funds based on the PIP payment calculated by FSA (40% of eligible costs). Contact the Commission's financial staff for current program information.

### **Other Grant Programs and Cost Sharing**

Other special purpose grant programs may include their own unique cost sharing policies. An example of this is the Irrigation Efficiencies Grants Program. These policies are spelled out in that program's grant application packet, the grant contract, and often on the Commission's website. You can ask questions directly to the Commission's program manager for any of these programs.

## **Cost sharing Questions & Answers**

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***Q: When can my district buy all the materials and pay for complete installation of conservation practices?***

A: In one case only: demonstration sites. If your district wishes to demonstrate new or innovative conservation practices, it may pay up to 100% for such practices on private or public land on a one-time basis. The BMPs demonstrated must show local land-users how new technology or innovative methods can reduce water pollution and conserve natural resources. Again, demonstration sites must incorporate practices that are truly new or innovative, and your district may pay for them completely, but only once.

***Q: If one of our cooperators requested cost sharing on a practice that cost \$40,000 to implement, how much could we reimburse him/her?***

A: No more than \$25,000 per operation. The individual practice reimbursement may vary by program and by practice. Limits are established by the Commission and reviewed annually.

***Q: How can a cooperator make up their share of a cost shared practice?***

A: The cooperator's share is typically made up of out-of-pocket cash and/or in-kind labor billed at a max of \$18/hour for time.

***Q: How is a cooperator's in-kind contribution figured?***

A: The amount of Commission cost sharing is based on the total cost of the BMP. If a cooperator furnishes labor, materials, or equipment as in-kind, they become a part of the total cost, and must be factored in up-front before the district decides how much cost sharing the cooperator is eligible to receive. Also, cooperators providing in-kind must furnish the district with invoices detailing allowable costs.

***Q: Can a cooperator receive a partial payment of cost share?***

A: A cooperator can receive reimbursement on a partially completed practice by requesting a Cost Share Partial Payment and supplying the receipts for the purchases and expenses. However, the Commission will not be allowing partial payments of Cost Share over Fiscal Year periods. The projects must be completed within the fiscal year period.

***Q: Who determines the cost of BMP implementation?***

A: A district may obtain information on the cost of specific BMPs in its area from the NRCS cost list; or from data in the NRCS FOCS system; or from recent historical data in the local FSA or district office. Where this data is not available, districts may determine costs for BMPs based on at least three (3) quotes of responsible local vendors and/or contractors. The Commission staff can assist with determining an allowable cost.

***Q: When can my district appeal in the cost share policy?***

A: Your district may appeal the cost share rate and/or the total dollar amount allowed per operation. You must show that the existing policy will not allow sufficient funding to accomplish a significant public benefit, or that a unique situation exists that precludes sufficient landowner match or cost sharing from another source. Your district may request approval to cost share in a unique situation where a practice is not a recognized BMP, but which will provide a demonstrable water quality benefit.

***Q: How does an appeal work?***

A: Your district must submit a written appeal to the Financial staff at the Commission's Olympia office. To be considered at the next regular Commission meeting, the appeal should be received at least 15 business days prior to the meeting.

***Q: Can my district cost share with another public entity?***

A: Yes, with an agreement per RCW 39.34, Interlocal Cooperation Act. A district can cost share with municipalities or counties, or other public entities (except federal), as long as the practice meets the same requirements as those on private lands. The goal of the Commission's program is to improve water quality, and practices that directly relate to

achieving this goal can be eligible.

***Q: Can my district cost share more than once with the same cooperator, or on the same practice?***

A: Your district may cost share more than once with the same cooperator (up to the cost share dollar limit per operation) when that cooperator is implementing a complete conservation plan involving several cost shareable practices, or when that cooperator implements practices on more than one operation. The \$25,000 limit is based on operation, not operator. Finally, the limit is also based on the current biennium under which cost sharing is done.

***Q: Will there be an audit on cost share funding activities?***

A: The State Auditor will audit your district, and the Commission may audit any grant made to districts at any time.

***Q: What about reporting cost share distributions to IRS?***

A: Districts that disburse cost share money are not required to send IRS “1099 Miscellaneous” forms to cooperators who received cost share money. State cost share funds are considered reimbursement, not ‘income.’

***Q: What is the procedure for cooperators who default on their cost sharing agreement?***

A: The Commission encourages your district to carefully select cooperators for cost sharing to avoid this problem. However, if a cooperator does default on his cost share agreement, your district must attempt to recover the amount of the cost share (depreciated based on design life). If your district is unsuccessful in this, the Commission will contact the cooperator directly. Legal action through the Attorney General’s Office may be taken as a last resort.

***Q: How do I determine when BMPs were installed retroactively (and are therefore ineligible for cost sharing)?***

A: The term “retroactive” applies to any expenses related to BMPs which were incurred before the date your district chair signed the cost share agreement. The cooperator’s signature on the cost share form does not represent an approval to incur costs. Your district chair’s signature represents board approval and is also the effective date of the cost sharing agreement. (This does not apply to any materials the landowner already has on hand that will be used to meet the landowner’s match portion.)

***Q: Can cost sharing be used to replace or upgrade a dairy practice?***

A: For replacements If the district dairy planner determines that the proposed replacement

involves a practice in the Nutrient Management Plan that is no longer functioning to protect water quality, then the practice is eligible for cost sharing.

For upgrades If the district dairy planner determines that the current practices in the Nutrient Management Plan (NMP) are no longer sufficient to protect water quality, then the practice is eligible for cost sharing, with the following condition. If the practice as specified in the NMP is no longer serving the function of adequately protecting water quality, then the NMP needs to be updated. Once the plan is updated to include the upgrades, then the upgrades are eligible for cost sharing.

Cost sharing may not be used for operation and maintenance of structures or practices.

***Q: Who can answer other questions on the cost sharing program?***

A: You may call the Commission Financial staff or your Regional Manager.

## GRANT CLOSE-OUT and AUDITS

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### Close-out

- **Close-out** is the process by which all administrative matters relative to the grant contract are reconciled in order to close the file. The Commission will close out the project when all applicable administrative and programmatic requirements of the grant contract have been met, or when the project has been terminated.
- **Close-out does not affect:**
  - The Commission's right to disallow costs and recover funds on the basis of a later audit or other review;
  - The district's obligation to return any money due as a result of later refunds, corrections, or other transactions;
  - Records retention and access to records required under the grant contract;
  - Property management procedures under the grant contract;
  - Audit procedures under the grant contract.

### **District Responsibilities:**

Within 30 days after the expiration date, the district must submit all financial, performance, and other reports required under the grant contract. Required final reports include but are not limited to:

- **Final performance report** - For the purposes of a final report, the district is required to utilize the specific grant program “Grant Activity Report” form as well as provide written commentary regarding the successes and challenges in the project. The form may also provide a place for the district to include a narrative summary of grant contract activities and accomplishments that are not captured elsewhere on the form.
- **Final payment request** (if applicable).
- **Invention disclosure** (if applicable).
- **Property inventory including plans for disposition.**
- *A Minority and Women Business Contractor Participation Report* is no longer required, but your district may submit one if it desires.

### **Commission Responsibilities**

At or near the expiration date, grants staff will send out the close-out paperwork that includes a Grant Contract Close-Out Form. These forms are to be completed by the district and returned to the Commission. All of these forms can be found on the Commission website or obtained directly from the office.

- Once the Commission receives the close-out paperwork, the grant contract is closed on the Commission's books as well as on the Office of Financial Management's books.
- Failure by a district to return the close-out paperwork will result in withheld payments on current grant vouchers, and delays in executing future grant contracts.
- Final payments will NOT be made until all required documentation is on file with the appropriate authorized signatures.

## **Audits**

### **Financial Audits:**

- All funds paid to a district under a grant contract will be subject to an audit by the State Auditor and the Commission.
- All work performed under the grant contract and any equipment purchased, will be made available to the Commission and to any authorized state, federal or local representative for inspection at any time during the course of the grant contract and for at least three years following grant contract termination or dispute resolution.

## Recovery of Payments:

- All payments to a district under the grant contract are subject to final audit by the Commission or a designee of the Commission. The district will repay the Commission for any unauthorized or unallowable expenditures charged to the grant contract.
- The right of a district to retain monies paid to it as reimbursement payments is contingent upon satisfactory performance under the terms of the grant contract including satisfactory completion of the project described in the Scope of Work.
- In the event a district fails, for any reason, to perform obligations required of it by the grant contract, the district may, at the Commission's sole discretion, be required to repay to the Commission, all grant contract funds disbursed to the district for those parts of the project that are rendered worthless in the opinion of the Commission by such failure to perform.
- Interest will accrue at the rate of twelve percent (12%) per annum from the time the Commission demands repayment of funds. If payments have been discontinued by the Commission due to insufficient funds, the district will not be obligated to repay monies which had been paid to the district prior to such termination. Any property acquired under the grant contract, at the option of the Commission may become the Commission's property and the district's liability to repay monies will be reduced by an amount reflecting the fair market value.

# PROPERTY & RECORDS MANAGEMENT

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## Definitions:

- **Real property**, land, including land improvements, structures and items added or attached to them, excluding movable machinery and equipment.
- **Personal property**, property of any kind except real property. It may be tangible (having physical existence) such as equipment and supplies; or intangible (having no physical existence) such as patents, inventions, and copyrights.
- **Equipment**, tangible personal property which is used in operations and has a useful life of more than one year. Some examples are furnishings, tools, and computer hardware and software. Equipment may be attached to a structure for purposes of securing the



item, but unless it is permanently attached to, or an integral part of, the building or structure, it is classified as equipment and not real property.

- **Supplies**, all tangible personal property other than equipment.

### **General Principles**

- **Real property**
  - Commission grant program projects do not include the purchase of real property..
- **Tangible personal property:**
  - **Title**, subject to the conditions below, the district retains title to tangible personal property acquired under the grant contract.
  - **Use**, the district will use the equipment, tools, and/or supplies for the purposes authorized in the grant contract for as long as needed, whether or not the project continues to be supported by Commission funds.
  - When no longer needed for the original project, the equipment, tools, and/or supplies may be used in other activities currently or previously supported by the Commission.
  - The district may make the tools, equipment, and/or supplies available for use in other projects as long as such use does not interfere with the work on the originally authorized project.
- Preference for other uses will be given in the following order:
  - Program areas funded by the Commission;
  - In grant contract-related work funded by another state or federal agency, or by the district itself;
  - Projects administered by other state and federal agencies;
  - Other projects.

### **Disposition of tangible personal property**

When replacing tangible personal property, the district may dispose of the property being replaced by using it as a trade-in or by selling it and using the proceeds to offset the cost of the replacement.

When the grant contract expires, or when the property is no longer needed for the originally authorized purpose (whichever comes first), the district will consider any property purchased with grant contract funds according to the following scenarios:

- If the property is necessary for the continued operation of the project, or other similar activities administered through the Commission or by the district. The Commission staff may instruct the district to retain the property with no further compensation to the Commission.
- Conditions for the continued use of the property may be attached at the discretion of Commission staff.
- If the project has no further significant use for the property and the property had an acquisition cost of \$1,000 or less per unit (i.e. tools). The district may retain, sell or otherwise dispose of it and have no further obligation to the Commission.

If the project has no further significant use for the property and the property had an acquisition cost of over \$1,000 per unit, the Commission staff will instruct the district to dispose of the property and either:

- 1) Pay the Commission an amount equal to the Commission's share of the current market value or other price agreed upon by the SCC financial staff or other Commission staff,
  - 2) Sell the property and retain the proceeds from the sale for use in other activities administered through the Commission, or
  - 3) Transfer title to the Commission, or to a third party named by the Commission that is eligible under existing statutes.
- For (2) and (3), the following disposal procedures will apply:
    - The conservation district board of supervisors will assign a value to the asset.
    - The conservation district board of supervisors will declare the asset as surplus.

**Note:**

*If the asset proposed as surplus is evidence released by the Court, seized assets or unclaimed property, the Board of Supervisors must seek qualified legal counsel prior to declaring it surplus.*

*Conservation district officials and municipal officers are prohibited by state law from benefiting from the disposal of public assets owned by the conservation district. The board may elect to delegate the task of declaring items surplus to an officer or agent who is not a member of the conservation district board of supervisors. If such a delegation is made, the prohibition of benefiting from the disposal of public assets is extended to the officer or agent.*

**Based on Commission staff direction, the board will authorize**

## **one of the following methods of disposal:**

### **Disposal of Assets to the General Public**

- Primary methods of disposal to the general public are recognized as direct sale, sealed bid, trade-in or auction. Other methods of disposal to the general public must be clearly detailed in writing and must have the consent of the conservation district board of supervisors.
- When disposal is made to the general public through direct sale, sealed bid or auction, final determination of value will be the highest responsible bid or offer.

### **Disposal of Assets to Other Government Entities**

- The district may sell, transfer, exchange, lease or otherwise dispose of any assets to any municipality or any political subdivision (this includes other conservation districts), or the federal government, on such terms and conditions as may be mutually agreed upon.
- This requires a written request and a determination that to do so is in the public interest. The written request from the recipient public agency will specify the asset and the compensation to be received by the conservation district. Compensation may be less than the fair market value, and may take the form of monetary payment, services, materials, or other assets provided in exchange for the asset.
- If the value of the asset is estimated to be more than \$50,000, provisions of Section 39.33.020 RCW will apply. This includes several requirements, including a public hearing and certain notice provisions.

## **Intangible Personal Property**

### **Copyrights**

- The Commission reserves a royalty-free, non-exclusive and irrevocable license to reproduce, publish, or otherwise use and authorize others to use the copyright in any work developed wholly or in part, under the grant contract for the Commission or other state purposes. This license also applies to any copyright that a district or contractor purchases with state funds.

### **Publications**

- When the district or persons employed by the district use or publish information of the Commission; present papers, lectures, or seminars involving information supplied by the Commission; use logos, reports, maps or other data, printed reports, signs, brochures, pamphlets, images, etc., appropriate credit will be given to the Commission.

# Records management

The district will maintain complete program and financial records for each grant contract which provide an audit trail for all expenditures.

## **Financial records**

- All financial records including support documents such as time sheets, bills, and receipts will be filed as part of the financial records which will be kept in the district's office.

## **Construction records**

- Engineering documentation and field inspection reports of all construction work accomplished under the grant contract will be maintained by the district. Such records will clearly indicate total receipts and expenditures by fund source and budget object classification.

## **Length of retention**

- The district will comply with the records retention schedule for conservation districts as outlined in the Secretary of State's *Records Management Guidelines and Records Retention Schedule*, and in the grant contract document itself.

Additionally, the district will:

- Retain all statistical, property, materials inventory, and supply records and supporting documentation for a period of three years from the termination of the grant contract.
- Retain records for non-expendable property for a period of three years after the final disposition of the property.
- If any litigation or audit is begun, or a claim is instituted involving the grant contract or subcontract covered by the records, retain the related records for three years after the litigation, audit, or claim has been finally resolved.
- All grant contract records will be open for audit or inspection by the Commission or by any duly authorized audit representative of the State of Washington for a period of at least six years after the final grant contract payment or any dispute resolutions.
- If any such audits identify discrepancies in the financial records, the district will make clarification and/or make adjustments accordingly.



END